



Private Markets Stand Tall: Q2 2025 Outlook

Despite public market turbulence, private markets demonstrate remarkable resilience. Forge's latest outlook reveals how AI investments, strategic M&A, and disciplined secondary activity are creating stability amid broader economic uncertainty.



by **Phil Wheaton**



AI: The Unstoppable Growth Engine

\$40B

OpenAI Raise

Record-setting private funding round

\$3.5B

Anthropic Infusion

Major capital investment

1,140%

Figure AI Growth

Exceptional valuation increase

177%

PsiQuantum Rise

Strong valuation performance

AI remains the strongest market tailwind. Many leading AI companies choose to stay private. This strategic decision allows focused growth without public scrutiny.



The Shifting IPO Landscape



Early Q1

Wave of S-1 filings signals IPO market thaw



Mid Q1

CoreWeave successful debut IPO launches



April 2nd

Tariff announcement halts momentum



Q2

Klarna, Chime, StubHub pause IPO plans

The IPO market showed early promise. The April tariff announcement derailed these plans. Many companies have postponed their public debuts indefinitely.

M&A: The New Exit Strategy



Strategic Alignment

Companies seek partners with complementary capabilities



Premium Valuations

Acquisitions often exceed market expectations



Integration Planning

Careful merging of operations and cultures



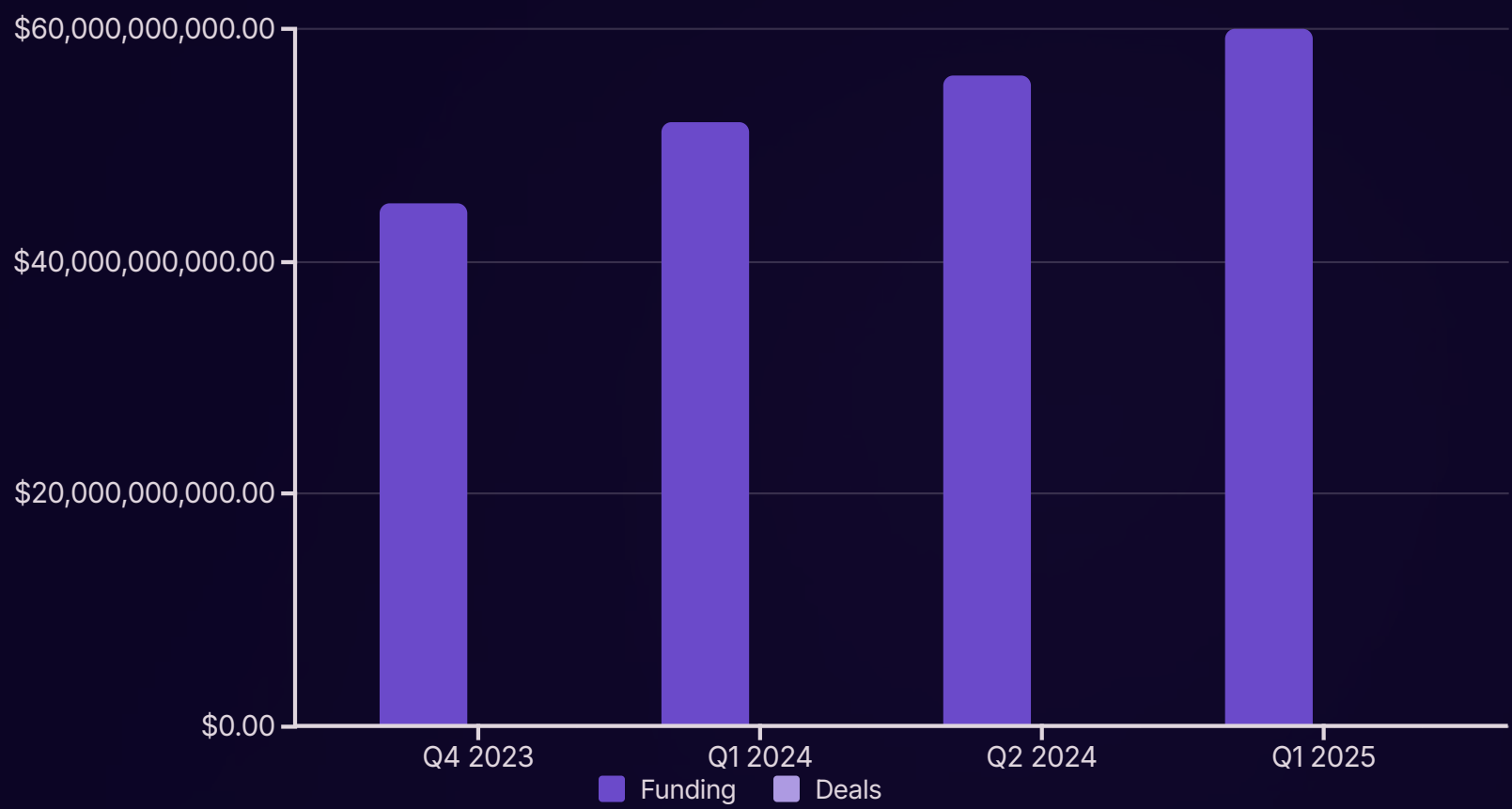
Value Creation

Combined entities unlock new growth opportunities

M&A has emerged as the preferred exit. Google's \$32B acquisition of Wiz demonstrates this trend. ServiceNow's \$2.85B Moveworks deal reinforces this strategy.



Primary Market Funding Strength



Q1 saw over \$60B raised across 149 late-stage rounds. This continues six quarters of valuation step-ups. New unicorns emerged in diverse sectors beyond AI.

Secondary Market Recovery Signs

Narrowing Discounts

Secondary pricing approaching primary valuations

Increasing Liquidity

More completed transactions signal confidence



Tightening Spreads

Median bid/ask now just 8%

Price Stabilization

Median trades returning toward parity

After rocky years, secondary market pricing stabilizes. Spreads have tightened significantly. Trade prices are approaching parity for the first time since 2022.



Private vs. Public Market Performance



Forge Private Market Index

+37.1% growth in Q1 2025



SPY ETF (S&P 500)

-4.6% decline in same period



IPO ETF

-13.8% significant drop in performance

Private markets significantly outperformed public counterparts. This divergence highlights structural differences. Private markets reward patience and long-term conviction.



Strategic Implications for Investors

Structural Advantages

Private markets don't price minute-to-minute. They avoid headline overreactions. This creates stability during volatile periods.

Sector-Specific Opportunity

AI, healthcare, and business operations show particular strength. These sectors continue attracting capital despite broader market concerns.

Patient Capital Rewards

Long-term thinking yields superior returns. Companies like Figure AI demonstrate explosive growth potential for patient investors.

Private market resilience isn't mythical—it's mathematical. Capital discipline and strategic patience create demonstrable advantages. Allocators should consider increasing private market exposure.